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ABSTRACT

This report highlights issues for policymakers and provides guidance to states and localities implementing the Workforce Investment Act of 1998 (WIA) by describing the successes and struggles of five cities implementing the new legislation. It presents WIA's basic framework and discusses its impact on these four major audiences: employment and training providers, job seekers, employers, and the overall workforce development system. First, it addresses the impact on employment and training providers, including certification of eligible providers, continued certification and emerging issues, performance measures, individual training accounts and emerging issues, impact on participant/job seeker and emerging issues, tiered services, and customer choice. Second, the report discusses the impact on employers. Third, it reports on the workforce development system, including leadership, new organizational structures (Workforce Investment Boards, One-Stop Center delivery systems, One-Stop Center staffing, mandated partners and memoranda of understanding), performance measures, and funding. The report concludes with implications for the future based on the sites' experiences and identifies these issues to watch as implementation progresses: it takes time; building new relationships; managing partnerships; focusing on the long term; working for employers; who's in charge; allocating sufficient resources; and understanding the customers. (YLB)

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CHARTING NEW TERRITORY

Early Implementation of the Workforce Investment Act

Maria L. Buck

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Field Report Series

Public/Private Ventures January 2002

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Charting New Territory is dedicated to Paul Clancey, in tribute to his remarkable devotion to the workforce development field.

The purpose [of the Workforce Investment Act] is to provide workforce investment activities through statewide and local workforce investment systems that increase employment, retention and earnings of participants, and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the Nation.

ORIGINS OF WIA

This ambitious passage in the Workforce Investment Act (WIA) of 1998 represents the confluence of two very different concerns. On the one hand, for several years the federal government sought ways to improve the workforce development system. Legislators wished to address long-standing concerns that employment and training programs were inadequately addressing the needs of employers and insufficiently preparing participants for available jobs. On the other hand, government officials wanted to "re-invent government" by streamlining the myriad of workforce development programs. The final version of the Workforce Investment Act of 1998 envisioned sweeping restructuring of the workforce development system to improve its overall performance.

The Act has five primary goals:

- Streamlining services through a One-Stop service delivery system involving mandated public sector partners;
- Providing universal access for all job seekers, workers and employers;
- Promoting customer choice through use of vouchers and consumer report cards on the performance of training providers;
- Strengthening accountability by implementing stricter and longer-term performance measures; and
- Promoting leadership by the business sector on state and local Workforce Investment Boards (WIBs).

Prior to WIA, the major federal employment and training program was the Job Training Partnership Act (JTPA). WIA replaces the old JTPA system and attempts to coordinate 11 other federal programs, including the Employment Service. While much of the discussion about implementing WIA has focused on comparisons with the JTPA system and its service to disadvantaged workers, WIA was not designed solely to restructure JTPA—its aim is to fundamentally redesign the *entire* public workforce development system for job seekers, workers and employers. To achieve this goal, WIA specifies several components and tools that states and localities should use in the design of their workforce development systems.

This paper highlights issues for policymakers and seeks to provide guidance to states and localities implementing WIA by describing the successes and struggles of five cities implementing the new legislation. However, because implementation of WIA has only recently begun, this report should not be read as an assessment of WIA's effectiveness.

The report begins with a presentation of WIA's basic framework and then discusses its impact on four major audiences: employment and training providers, job seekers, employers, and the overall workforce development system. The report concludes with implications for the future based on the sites' experiences and identifies issues to watch as implementation progresses.

Major Elements of WIA

One-Stop Delivery System and Mandated Partners

WIA requires the establishment of a One-Stop delivery system to provide core employment-related services and access to other employment and training services. Each local WIB selects, through a competitive process, the One-Stop operator.

WIA requires One-Stop partners to provide:

- Training and employment for youth and adults as well as dislocated workers;
- Adult education;
- Employment service (Wagner-Peyser);
- Vocational rehabilitation;
- Welfare-to-Work programs;
- Senior community service employment, as specified under Title V, Older Americans Act;
- Post-secondary vocational education (Perkins);
- NAFTA—Trade adjustment assistance (TAA);
- Veterans employment and training;
- Employment and training activities administered by the U.S. Department of Housing and Urban Development; and
- Unemployment insurance.

In addition, WIA encourages partnerships with Temporary Assistance to Needy Families (TANF), Food Stamp Employment and Training, National and Community Service Act programs, and other appropriate federal, state and local programs and agencies. Each agency must establish a memorandum of understanding with the local WIB outlining the services to be provided, plans for cost-sharing and referral methods.

Certification of Providers

WIA requires training programs to meet state and local requirements and limits certification to individual programs, not organizations. During the first phase of the eligibility process, post-secondary educational institutions and apprenticeship programs are automatically eligible to receive funds; all other programs must apply for eligibility through processes developed by the state and local WIBs. During the last phase, which must begin within 18 months of the first, all providers must apply and meet performance criteria to receive funds.

Tiered Services

WIA divides workforce development services for adults and dislocated workers into three tiers. Participants use the services in one tier before moving to the next.

1. **Core Services.** The One-Stop operator provides job search and placement assistance, information about the local labor market, job banks, support services, information on filing for unemployment compensation, and performance and cost information on eligible training providers.
2. **Intensive Services.** More in-depth services are available to those who are unable to obtain employment through core services and to those employed but needing additional services to reach self-sufficiency.[1] Intensive services include comprehensive and specialized assessment of skill levels, individual employment plans, case management and short-term prevocational services—all of which may be delivered by the One-Stop operator or through contracts with service providers.

3. **Training Services.** Training is available to those who have not found employment through intensive services, the programs include occupational training, on-the-job training, skills upgrading and job readiness—all delivered by providers meeting the eligibility requirements.

Individual Training Accounts

Training funds for adult participants are placed in Individual Training Accounts (ITAs). To promote competition among providers, WIA then allows participants to select the programs that best fit their needs. Four exceptions to the use of ITAs exist; contracts may be used for on-the-job training, customized training, special populations (to be defined by each local WIB) and when too few providers exist to meet the competitive purposes of ITAs. State and local WIBs are responsible for establishing the amount of the ITA and the policies for its implementation.

Performance Measures

WIA creates several performance measures to evaluate the overall performance of the system at the state level as well as the performance of eligible providers. Statewide measures include employment rates, retention rates, earnings gains and skill attainment rates. Benchmarks differ for adults/older youth, dislocated workers and youth. Outcome data from training providers must include information on *all* participants in their programs as well as additional information for individuals funded through WIA. The performance measures for individual service providers will be used to develop a report card system to provide participants with information on an organization's placement rate, wage at placement and retention rate.

Creation of State and Local Workforce Investment Boards

Each state must designate a WIB to develop a five-year strategic plan that describes the workforce development activities of the state and the state's implementation strategy for WIA. The state WIB also designates local Workforce Investment Areas, previously called Service Delivery Areas under JTPA. Local WIBs are responsible for planning and overseeing local programs but are prohibited from providing training services directly. Both state and local boards are required to have a majority of business representatives.

Discussion

While WIA does many things, it does have limitations. First, it does not consolidate programs and funding streams. WIA, in essence, replaces the old JTPA program and requires partnerships with many other programs. However, partnerships and consolidation are not the same. Programs that are required to join the WIA system but have pre-existing systems in place—including reporting obligations and performance measures—will find consolidation very difficult.

WIA also recommends partnerships with two other large employment systems—TANF and Food Stamps—but leaves open the possibility of developing separate systems.

Related to the issue of consolidation is funding. WIA does not describe how resources are to be shared, and WIA programs receive considerably less than some mandated partners. For instance, in Philadelphia, the first-year WIA allocation was $17 million. During the same year, Philadelphia received $25 million from Welfare-to-Work, $9.5 million for post-secondary vocational education, and $3.6 million in Community Services Block

Grants for employment and training services. In addition, the Pennsylvania Department of Public Welfare invested $70 million of TANF funds in employment and training activities in Philadelphia. With these other large sources of funding for workforce development, but no guidance for how resources should be consolidated or even coordinated, making WIA the primary system for workforce development is challenging.

Early Implementation

After WIA's passage, the U.S. Department of Labor (DOL) gave states the option of early implementation, beginning in July 1999. To be considered an early implementer, a state had to submit its plan and have it approved. Twenty states opted for early implementation.[3] No criteria were established regarding when implementation had to begin; state plans had to describe only the timetable and basic framework for implementing WIA. The plans provided little detail on how the states would implement all the components. As a result, different components of WIA were implemented at different stages. Even after the first full year of implementation, some states were still developing elements of the program.

For this report, we examined the implementation of WIA in five cities: Charlotte, North Carolina; Houston, Texas; Orlando, Florida; Philadelphia, Pennsylvania; and Boston, Massachusetts. Massachusetts was not an official "early implementer," not having submitted a plan before the April 1, 2000, deadline. However, Boston has been experimenting with key features of WIA, including the creation of a One-Stop delivery system, certification of training providers and a pilot demonstration of an ITA system, providing useful lessons for others in the field.

Among the sites examined, Houston and Orlando officially began implementation on July 1, 1999, and Charlotte and Philadelphia on January 1, 2000. Each state began from different starting points, an important consideration in evaluating progress.

As the federal government first began to think about ways to improve the workforce development system, in 1994 DOL awarded a series of development grants to test new approaches to One-Stop systems. North Carolina and Texas each received a full implementation demonstration grant, while Florida received a planning grant. The grants gave these three states significant financial and technical assistance to develop and launch a One-Stop system before the implementation of WIA.

In addition, in Florida and Texas, major reforms of the workforce development systems had already begun, making implementation of WIA the culmination of several years of work. The Workforce Florida Act of 1996 mandated and preceded many of the changes embodied in WIA. For example, the state formed 24 regional Workforce Development Boards, whose responsibilities were broadened to include the federal One-Stop planning process and the DOL Welfare-to-Work Program. In the spring of 1999, the Florida Legislature amended the Workforce Florida Act to support the implementation of WIA. The legislature required WAGES[4] to become a partner and effectively delegated the Employment Service functions and resources to the local Workforce Investment Boards and One-Stop operators.

Texas was well positioned for early implementation because of 1995 legislation reforming the state workforce and welfare systems by establishing a State Human Resource Investment Council and a new consolidated state workforce agency, the Texas Workforce Commission. The new agency combined funding from federal and state sources, including the Texas Department of Commerce, Texas Employment Commission, Food Stamp Employment and Training, the TANF employment program (Choices), subsidized child-care services and Welfare-to-Work Block Grants. The legislation also gave statutory authority to design and administer workforce services through 28 local workforce development areas and WIBs and a network of Texas Workforce Centers (One-Stop Centers). Like Florida, Texas moved beyond WIA by mandating that TANF, Food Stamp employment programs and Welfare-to-Work be local partners in the workforce development system.

North Carolina, which also received a One-Stop demonstration grant, began implementing a new One-Stop system across the state in 1997. The first One-Stop center opened in Charlotte in 1998. Two years before the grant, the Governor converted the existing Private Industry Councils (PICs) to Workforce Development Boards by executive order. This development allowed local boards to move away from the day-to-day contract management responsibilities assumed by many PICs to more broadly focus on policy development. In Charlotte, as in other areas in North Carolina, a city agency assumed responsibility for management of contracted employment and training services. With these two changes, North Carolina and Charlotte were better prepared than many states and cities to become early implementers and develop the other components of WIA.

The Commonwealth of Pennsylvania took a slightly different approach in its decision to become an early implementer. The Commonwealth wanted to highlight the importance of workforce development throughout the state and, according to some observers, wanted to "jump start" reforms. The Commonwealth created Team Pennsylvania to promote workforce development in 1997 and opened a state-operated One-Stop center in Philadelphia in 1999. Because the Commonwealth, and Philadelphia in particular, had not begun testing many of the components of WIA as the other states had, its experiences in developing and implementing WIA could illuminate the "typical" kinds of successes and challenges other states and localities might face.

Finally, Boston, while not officially implementing WIA early, has taken steps to run pilot programs reflecting three key changes under WIA: One-Stop Centers, certification of training providers and ITA programs. Because of these pilots, Boston provides a number of key lessons.

Impact on Employment and Training Providers

Certification of Eligible Providers

Perhaps the first concern for training providers under WIA is the certification process to receive funds. All training providers, except post-secondary educational institutions and apprenticeship programs, must complete this first phase of the process. Within one year after initial eligibility, all training providers, including the two initially exempt categories, must be certified. The application process was to be developed by the states, with the local option to add additional elements and include requests for performance data.

The systems already in place for providing employment/training services varied widely, making the effects of the certification process very different. In Philadelphia and Boston, community-based organizations are the main vehicle for providing job training services. In Charlotte, Central Piedmont Community College is the dominant player and a few proprietary schools round out the field, reflecting the role of North Carolina's community college system as the state's primary workforce development institution. In Orlando, vocational and technical schools, and community colleges are responsible for the bulk of job training services. Houston mixes all of these methods.

The provider community was concerned that certification would be too stringent, locking out all but a few who could meet the requirements, or too lax to meet them, leading to an increase in the number of providers and more competition for relatively few funds.

The process of certification varied across the sites, but the general rule of thumb as described by one director was to "make it easy to get on the list, but harder to stay on the list."

Charlotte and Philadelphia used a simple certification process, developed by their states in collaboration with local areas. These two sites requested basic information on each program, including a description that encompassed the program length, format of instruction and skills attained on completion, and the program's locations, costs, availability of financial aid and performance data. The local WIB had to give its approval before sending the application to the state WIB for its approval. These two localities requested but did not require the inclusion of performance data in the application; providers were allowed to describe how they would collect data in the future. Local directors spoke of wanting to make the initial certification process "as open as possible," and then refine it in later years. Philadelphia initially certified all 64 providers that applied, 45 percent of which were new or had not done business under JTPA in the last two years. In Charlotte, which rejected one application, the overall number of providers (16) stayed the same, but some proprietary schools were replaced with new ones.

	Number of Employment and Training Providers Pre-WIA	Number of Employment and Training Providers Post-WIA*
Boston	24	34
Charlotte	16	16
Houston	120	95
Philadelphia	56	64

* Initial pool of certified providers.

Boston and Houston used the same basic model for certification, but required performance data of all applicants and set minimum performance benchmarks.[4] Boston required applicants to have a 70 percent placement rate to be eligible. Texas established minimum levels of performance for applicants at 60 percent program completion, 60 percent entered employment, and an average wage at placement of 120 percent of the federal minimum wage, currently $6.18 an hour.

In both cases, the providers furnished the performance information, making verification very difficult. In Boston, debate ensued between providers who had received contracts under JTPA and providers new to the system. Performance data furnished by the established providers could easily be verified by comparing them to the performance data submitted under previous contracts. For new providers, no such verification existed, so established providers felt their prior participation in the JTPA system was a disadvantage in qualifying for the new system.

Houston and Boston experienced the most significant change in the pool of providers. In Houston, the pool shrank from 120 to approximately 95. Officials believe it was the smaller community-based organizations that accounted for the drop in providers, and some organizations withdrew applications because they could not meet the performance benchmarks.

The opposite happened in Boston, where the pool of providers increased by 10, primarily proprietary schools. Thirty percent of the providers that had previously held contracts with the city under JTPA did not apply for certification under the pilot.

Orlando had the most stringent certification process, a carryover from its 1996 workforce development legislation, which requires certified training programs to be licensed by the State Department of Education, offer training in state-approved high-wage occupations,[5] and have performance data from the past three years on enrollment, completion, job placement and average wage at placement. For eligibility, providers must have an overall placement rate of 75 percent for enrollees and each program must have a placement rate of 70 percent. With such certification criteria, educational institutions dominated the pool of training providers before and after WIA. The current list of approved providers includes the region's three community colleges, three public school systems that operate adult vocational programs and 15 private providers. No community-based, nonprofit groups applied for certification.

Continued Certification

In all of the sites, providers could apply for certification at various points during the first year. Charlotte certified an additional six providers, predominantly for-profit technology-related trainers. Charlotte is concerned about Central Piedmont Community College and its continuing role as the region's primary training provider. Currently, the College has more than 150 programs that could be certified under WIA. College officials worry, though, that faculty will be unwilling to collect performance information, and the College does not have the staff to do it. In other areas of North Carolina, disappointingly few providers applied for initial eligibility, leading the state to sponsor workshops for training providers.

Boston reviewed applicants for certification five times in the past year. As of October 2000, Boston had 49 certified providers—19 nonprofits, 21 for-profits, and 9 two- or four-year colleges. Again, for-profit providers, particularly proprietary schools, comprise the majority of new organizations in the system.

As certification continued in Philadelphia, the pool of providers expanded but also split. As of November 30, 2000, Philadelphia had approved 115

providers—nearly double the number under JTPA. The increase in certified providers is primarily due to the emergence of new for-profit computer training schools and organizations. However, community-based organizations are still thriving. Nearly $70 million of TANF monies were allocated for training services for the welfare population in Philadelphia. Many community-based organizations opted to become contractors with the welfare system rather than be certified under the WIA system.

Emerging Issues

Two major challenges emerged from the certification process. The first was precipitated by the decision to certify individual programs, not organizations; for some localities, this led to an unforeseen logjam in the certification process. The Gulf Coast Workforce Development Board in Houston received more than 2,000 applications to certify programs. Overwhelmed by the number of requests, and crippled by the lack of preparation at the state level to handle the process, a major backlog in the system slowed the referral process for nearly three months. During that time, the Texas Workforce Commission allowed local boards to refer customers to post-secondary educational institutions and apprenticeship programs.

The second challenge involved defining intensive services. For providers that focused on such "employment services" as GED preparation and testing, adult basic education and English as a Second Language training, a question arose about whether they needed certification. This issue was highlighted in Houston, where initially these providers were asked to complete applications for certification. However, the providers were unable to furnish the required performance data because their benchmarks and outcomes were focused on program completion and test scores, not job placement rates. Texas finally agreed to categorize these services as intensive services, rather than training, to avoid the issue of certification. Philadelphia had to address a similar issue in its definition of literacy services and defined them as an intensive service, thus not requiring certification. However, other local workforce areas in the state were defining literacy as a training service. While the classification of literacy as an intensive service removed the need for certification, it raised the issue of how to fund these services. The issue led some literacy providers to consider not participating in the WIA system.

In asking localities what advice they would share with other regions implementing WIA, Houston was the most vocal, in saying, "Do not use our certification process." The mix of huge numbers of programs, conflict over self-reported data and questions about providers of intensive services created a convoluted and slow implementation process.

Performance Measures

Performance continues to be a critical issue in the implementation of WIA. After the initial eligibility period, all providers will have to produce outcome data on eight performance measures (see box on next page), and the information will be used in a "consumer report card" on all eligible providers. These report card systems have not been fully implemented, primarily because performance data were not required for the initial round of eligibility. In Texas, which did require performance data for certification, an extensive public database of eligible providers exists on the Internet and includes performance data. While assessing the impact on customers' provider-selection processes would be premature, an impact on providers can be seen: some providers pulled their applications from consideration because of poor performance numbers.

The most significant change in the collection of performance data is the need to collect information for all individuals in

certified programs, not just those participants funded by WIA. For community colleges and other large institutions, this could become a huge burden not only in terms of the amount of data they must collect, but also in the need to create new systems to collect, manage and generate data never before required.

Individual Training Accounts

As much as training providers worried about the certification process, everyone involved recognized that "it was just a list." The greatest challenge centered on the ability to attract enough customers with ITA vouchers to maintain sufficient cash flow to keep their training programs operating.

WIA requires training services to be funded through ITAs, with some exceptions allowed for contracts to serve special populations, customized training for employers and on-the-job training. Local boards have control of the development of the ITA system, including the value of the account, what services it covers and its duration. The chart below summarizes ITA policies in the five localities.

While all the localities have policies in place, experience varies on how much the ITAs are actually being used. Houston began using ITAs in 1994; however, several key changes occurred to the system under WIA. The old system paid for training on a case-by-case basis, and, under WIA, customers are given a maximum "account" to pay for training. Under the old system, customers were not allowed to choose providers, but were more or less "directed" to providers in the SDA's network. Finally, no state certification system existed; the certification process was local to Houston. Another significant change for Houston was the decision to have all training funds, not just WIA dollars, be issued through ITAs.

Orlando has been using a voucher system to pay providers since 1996, so WIA had little effect on its operations. However, Florida's ITA policy is distinctive in that it offers performance bonuses. To be eligible for the bonuses, providers haves to provide additional services such as longer-term follow-up.

Performance Measures

Certified providers must present the following data.

For all individuals in applicable program:

- Program completion rate.
- Unsubsidized employment rate.
- Wages at placement.

For WIA-funded individuals only:

- Program completion rate.
- Unsubsidized employment rate.
- Retention rate in unsubsidized employment at six months.
- Wages at six months after the first day of employment.
- Rates of licensure or certification, attainment of academic degrees or equivalent (where applicable).

Charlotte moved more slowly in establishing its ITA policies. It held its first staff training on ITAs in October 2000 and has been able to continue to provide training through carryover contracts from the previous year. However, one of the two One-Stop operators did not refer anyone for training for four months under the misconception that ITAs needed to be in place first.

Of all the sites, Philadelphia has had the most extensive experience with ITAs. During the first year of operation, January to December 2000, Philadelphia issued 856 ITAs with an average value of $4,800, far less than the cap of $6,000. How the ITAs were used in Philadelphia provides a clear example of the difference between being a certified provider and actually receiving WIA funds. Philadelphia certified 115 providers during the first year of operations, but only 49 received ITAs. Although many new providers joined in

the system, 70 percent who received ITAs were previously active under JTPA.

Emerging Issues

The biggest issue affecting the use of ITAs is the demand for training. So far, the funds available through ITAs exceed the demand for training. In Houston, through the first six months, only 200 ITAs were issued. In Orlando, both the TANF and WIA programs emphasize "work first," strongly encouraging customers to get a job rather than pursue training. Lockheed Martin, a provider under both WIA and TANF, reports that in Central Florida, only 1.6 percent of TANF clients are pursuing training compared to 2.2 percent statewide in 1999. Orlando hopes to increase the proportion of their TANF clients in training to 25 percent by 2001.

Several explanations exist for the lack of demand for training. First involves the "work first" emphasis of WIA. The requirements needed to pass from one tier of service to another, and particularly with the inclusion of TANF in Florida and Texas, the message is definitely "get a job first." This "work first" emphasis can be best summed up in a quote from a memorandum to potential training providers in Charlotte: "For those familiar with the old

	Boston	Charlotte	Houston	Orlando	Philadelphia
Amount of ITA	No established maximum*	$4,000	$4,500	$2,500 for occupational training areas with reported wages under $10/hour; or $5,000 for occupational training areas with reported wages above $10/hour.	$6,000
Duration**	One year	Up to two years	Each year for two years	One year	One year
Implementation Date	July 1999	July 2000	July 1999	September 2000***	January 2000

* The PIC is estimating about $4,000 per voucher based on current training costs.

** For all sites, the duration (and the total cost) of the ITA may be modified to meet the particular employment needs of the customer, with approval of the counselor/caseworker.

*** Orlando had established an ITA program in 1996, but limits on the amount were not established until September 2000.

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JTPA program, training was an essential part of the program and, in many cases, an expectation. Under WIA, the focus has shifted from automatic training to a 'work first' philosophy. As a result, training is considered *only* after a number of steps have been taken, and training dollars will be provided to a small portion of the total number of customers served."

Another factor involved the strength of the economy throughout 1999 and 2000. Not only were customers being encouraged to find employment before moving through all of the tiers to training, many were finding jobs that paid more than minimum wage. As the economy slows, demand for training is likely to grow rapidly.

Boston was the only site that significantly used its training slots, in large part because the PIC made their use a priority. Boston's ITA pilot took 25 percent of its 1999 JTPA allocation and used it as ITAs, reserving the other 75 percent to be issued under contracts. Of the ITAs issued, half went to proprietary schools, the majority of which were new to the system. One-Stop operators estimated that half the customers who met with individual counselors (the equivalent of reaching the intensive services tier) requested training services. However, Boston has always had a fairly small pool of training slots, about 350 per year, and during the first year of implementation was able to meet the demand for training.

Both of these issues—an initial lack of demand for training and the emergence of new competitors—do not bode well for the nonprofit community-based providers concerned with maintaining programs under the switch to ITAs. The paucity of voucher-holders has severely curtailed recruitment efforts for many training providers. The emergence of proprietary schools and other providers has also affected recruitment. One Boston community-based training provider said that after its experience under the ITA pilot, it expected one-third fewer enrollees when the system switched entirely to vouchers.

Impact on Participant/Job Seeker

WIA is not just a new JTPA program but an effort to significantly restructure the whole workforce development system. The new system is designed to meet the needs of all workers, not just the disadvantaged. The effects of this change are only beginning to be understood.

The volume and type of people being served have changed dramatically. Orlando, for instance, expected 50,000 people to use the core services of the One-Stop, 4,000 to be referred to intensive services and 1,050 to be referred to training services during the first year, far more overall than served in the past. At other sites, One-Stop line staff also describe a different type of customer. Some One-Stop directors estimate that one-third to one-half of their customers are employed, have higher skills and use the resource room and other self-directed services at the One-Stop to get a better job.

Emerging Issues

With this change in the type and number of customers, questions have surfaced about how to meet their needs. One-Stop operators in Florida are aware that they cannot provide assessments for everybody who walks in the door. However, some One-Stop operators in Charlotte were concerned that if customers are not assessed and moved into intensive services, they would not be included in performance numbers. At the same time, eligibility criteria still remain for many categorical funding programs, which also require assessments. Many in the new population do not want to take the time to participate in assessments—either because they are time consuming or because the questions, particularly for some of the categorical funding streams, may be personal. One-Stop operators are

still struggling to achieve a balance among meeting the needs of customers, satisfying data-collection requirements and remaining respectful of customers' privacy.

This change in customer type has also required a difficult adjustment for some staff. Several directors said their front-line staff were a little intimidated by employed clients using the One-Stop's services. Other staff expressed frustration in working with people "who didn't really need our help."

Tiered Services

While WIA defines what can be included within each tier of services offered by One-Stop centers, each local WIB is allowed to define the requirements for moving from one tier to the next.

Houston has established a sequence of services. In general, however, the board does not want to be too prescriptive about how an individual moves through the system or how fast. For example, some individuals may search for a job for three weeks before the next level of services is recommended. For others, it may be only a day. The WIB insisted that customers be allowed significant input into their employment plans. Staff are encouraged to provide customers with choices and guide them in the development of plans based on their assessments and discussions about work history and education.

Orlando has established a Career Passport Book, which requires "stamps," or case-worker approval, before customers move forward. Core services have generally been structured as self-service resources that require limited attention from One-Stop staff. Seven core services must be completed before a customer graduates to intensive services; they include workshops, a self-directed interest inventory and applying for at least three jobs. The intensive level is composed of seven steps, including a session on computer basics, before customers graduate to training.

Staff acknowledge that the system is designed around a "work first" philosophy, which attempts to get people into employment as a first priority. While the overall system looks long and involved, WIB and One-Stop staff say that motivated customers can advance into training within three to five days and that many TANF recipients go almost directly into intensive services because of their barriers to employment.

Finally, no site addressed the issue of defining self-sufficiency during the first year of implementation. According to the legislation, movement through the tiers assumes that individuals are unable to find employment *or* that employed individuals are unable to reach self-sufficiency. No site used the latter as a basis for movement through the system.

Although Boston's One-Stop pilot did not include tiered services, it had instituted a "two-door" approach to ensuring customers' access to assessment and training. The One-Stop center is considered the "front door" to access services in the workforce development system. Because the old provider system in Boston differed dramatically from the One-Stop concept, the PIC also wanted to allow "back door" entry into the system for individuals who went to training providers first. By encouraging providers to refer customers to the One-Stop, the PIC hopes to create a "no wrong door" approach to accessing services, with all doors eventually leading to the One-Stop.

Customer Choice

Another primary element of WIA is the importance of customer choice. WIA's creators wanted to shift the employment and training field to a market-based system. Through the use of the ITA system and the certification and report-card system for providers, customers are able to choose where and how they want their training dollars spent. With the reporting systems in place, customers will be able to

judge for themselves which provider best meets their needs. Philadelphia developed an "Informed Customer Choice Guide" to assist clients in choosing an appropriate training provider.

However, others believe that several structural barriers within the new system will impede customer choice. First, some argue that requiring certification of all providers limits the overall pool, thereby limiting customers' choices. Some also say the tiers of service serve as barriers and that the system is effective only for those who can navigate it, not necessarily those who truly need services.

Perhaps one of the biggest unknowns in the system is the influence of One-Stop staff on directing customers through the tiered services and to particular service providers. Texas has been very clear in its desire to promote customer choice and involve customers as much as possible in the decision-making process as they develop their employability plans. In other sites, directives on the role of the staff in advancing customers through the tiers of services at the One-Stop have not been clear and will be a major issue as implementation continues.

The use of ITAs in Boston provides some anecdotal evidence of the impact of customer choice on this new system. During the pilot, half of the ITAs issued were used to attend proprietary schools, many of which were new to the system. PIC staff, One-Stop operators and other training providers attributed the popularity of proprietary schools in the ITA market to the schools' shorter training programs and their ability to more broadly advertise. As a result, some community-based training providers are devising new ways to "modularize" their training programs so customers can acquire the skills they need. For example, a training organization that offered an eight-week office skills program has broken up the components of the training, allowing customers to enroll in a two-week course on a particular software application if that is all they need.

Impact on Employers

Paramount in the development of WIA was the focus on two distinct sets of customers: job seekers and employers. Previous publicly supported employment programs were criticized for not meeting the needs of employers either with up-to-date labor market information or production of qualified candidates for job openings. Even though the old PICs were required to have a majority of business members, the JTPA system was primarily focused on working with training providers and contract management.

WIA attempts to address these issues in several ways. It specifies that a majority of private business members govern the local WIBs. In addition, the boards, compared with the PICs, have a much broader focus of policy development and strategic planning to meet the needs of their local labor markets. One-Stop operators are required to provide information on the local labor market, particularly jobs that are in demand, and training funds are to be used only for occupations that are in demand in the local area. Finally, training providers have access to funds without going through the ITA system with customized training for employers and on-the-job training.

As a result of these changes, many sites developed new strategies to meet the needs of employers. Many services for employers were fairly typical—job matching, recruitment, screening and referral of job applicants; access to federal tax credit programs for hiring disadvantaged workers; and technical assistance on federal and state employment labor laws. However, many local board members confessed that implementing new strategies for employers lagged behind other aspects of WIA implementation; though, by the end of the first year of implementation, all the sites had initiated new projects to engage employers in the new workforce development system.

Orlando's WIB is examining the possibility of creating an employer-focused One-Stop that will have responsibility for all services delivered to local businesses. Called the Employer Services Hub, this center would be responsible for obtaining listings, maintaining the job bank and developing other services for employers.

The WIB is also working with the Orlando Chamber of Commerce, which has a two-year project under way to improve the ways that businesses hire, train and manage their entry-level workforce. This project was jointly funded for its first year by the State WIA agency and the State WAGES Board. During that time, the project engaged more than 500 local businesses in a day-long academy designed to help them understand how they can use the local workforce development system and other resources. During the second year, which WAGES funded, the project will focus on helping employers examine ways to retain and upgrade the skills of the entry-level workers.

The Charlotte WIB determined employers' needs by conducting a survey, which showed that two-thirds thought low-skilled workers had a weaker work ethic than their counterparts of five years ago. The Charlotte WIB developed a brochure defining "work ethic" as composed of eight elements, including taking pride in and being accountable for your work, showing a good attitude, and developing and using good interpersonal skills. The brochure was distributed through the Chamber of Commerce and helped introduce the Charlotte WIB to the community, particularly the business community.

The Houston Board has developed an employer services division, which has targeted 10 key industries that have significant labor shortages, pay good wages and require training to meet the demand for employees, including health services, oil and gas extraction, transportation, communication,

machining and electrical. A work group will be developed for each industry, and the WIB will hire a liaison for each to assist in setting educational competencies, skills standards, curriculum specifications and certification requirements. In addition, an account executive will be hired to market the board's services to the industry and will be the primary point of contact for employers. The health services industry was the first served by the division; the result was a collaboration with the Greater Houston Partnership and 13 area hospitals.

Philadelphia has made the most progress in working to meet employers' needs. By mid-2000, Philadelphia began customized training with nearly a dozen employers, half of which conducted the training themselves. Three hundred training slots were available last year and Philadelphia plans to serve 2,400 participants through customized training in 2001. Initially, ITAs were used to cover the cost of training, but early on officials determined that contracts with the providers were easier to manage. In addition, the Philadelphia CareerLink Center (a One-Stop) was one of only two centers in the state that had employers on site recruiting participants into their own training programs.

Impact on the Workforce Development System

To consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitations programs in the United States.

Achieving this goal will require fundamental changes in the workforce development system. From new organizational structures and partnerships to changes in performance measures and leadership, WIA affects the entire workforce development system.

Overwhelmingly, state and local staff believe WIA is a positive and long overdue step for the workforce development field. They welcome the opportunity to reduce duplication and promote the collaboration they have seen possible for the system for years. As one state director said, "WIA provides the teeth to move beyond institutional coordination to an integrated service delivery system."

Leadership

To move to an integrated workforce development system, leadership from state and federal policymakers and administrators is necessary. Staff throughout the sites echoed a comment by a board member, "The tools are there, [we] just need leaders with the wherewithal to make them work."

All of the sites were frustrated by the lack of leadership at the federal level in making the rhetoric of WIA a reality. From delays in regulations and program guidance to the lack of coordination and consolidation among federal agencies, many interviewed did not believe that the federal government took the opportunity WIA presented to reform the system. Local staff specifically commented on the need for consolidation of programs within the Departments of Labor, Education, and Health and Human Services. "As long as we still have to report on outcomes and requirements to different agencies and programs at the federal level, consolidation and coordination of WIA at the local level will be no more than co-location of services," commented one WIB staff director. Another local director described WIA as "forced integration, where the federal and state agencies couldn't collaborate, so they left [it] for the locals to do."

Some sites have gone as far as to say they feel they were punished for being early implementers. Many of the details of WIA were still being decided as the sites began implementation, most importantly performance measures. Directors felt stifled in their ability to implement a new system when they were still using the performance measures of the old system. Other directors were reluctant to start implementing some components until they had received additional clarification out of concern that they would have to make significant changes again down the road.

The issue of state leadership has also had an important effect on sites' ability to fully realize the vision of WIA. Both Texas and Florida are ahead of the curve in the implementation of WIA because of their own workforce development reforms in the mid-1990s. These states' leadership is demonstrated in two key areas. First, the inclusion of TANF programs and funding into the overall workforce development strategy greatly reduced the duplication of effort in addressing the workforce development needs of the community and the efforts to move people from welfare to work.[6] Second, both Texas and Florida were able to consolidate the functions of the Employment Service. Primarily focused on unemployment insurance recipients, the Employment Service is one of the largest workforce development systems in the country. Texas and Florida pushed the federal government to permit waivers in the regulations for the Employment Service to experiment with these changes.

For other states, the lack of cooperation, particularly from TANF and the Employment Service, has created the most significant obstacles to effective implementation

of WIA. While the Employment Service is a mandated partner under WIA, some state directors have been brought along "kicking and screaming" to participate in WIA, or, as one Employment Service staff member said, "If we just keep dragging our feet, WIA will disappear in 2003 and we can get things back to normal." This lack of cooperation from mandated partners raises questions about the ability of some sites to fully implement the new system.

New Organizational Structures

WIA specifies two fundamentally new systems for governing the workforce development system: state and local WIBs and One-Stop delivery systems.

Workforce Investment Boards

For many states, the creation of a state WIB signaled the first statewide effort in workforce development. The state board is responsible for the overall development of the workforce development system, including designation of local areas, establishment of allocation formulas for the distribution of funds, creation of a five-year strategic plan and development of state performance measures. Like the local boards, the state board must have a majority of business members.

In Texas and Florida, the development of state boards occurred during major legislative reorganizations in the mid-1990s, whereas North Carolina and Pennsylvania established theirs in 1999. The most significant change brought about by the new boards was the re-establishment of local areas. In Texas, the newly created Gulf Coast Workforce Development Board consolidated 13 counties into one local area around Houston. In Florida, four previous SDAs were consolidated in the Central Florida Workforce Development Area around Orlando.

Under JTPA, a PIC served each local area. However, key differences exist between the PICs and the new local WIBs, specifically, membership and mission. Membership must include representatives from all the mandated partners as well as representatives of educational institutions, labor organizations, community-based organizations and economic development agencies. In the opinion of many, these requirements make WIBs an unwieldy size. Among the sites, Houston's board has 63 members, Orlando's has 59, Philadelphia's 48 and Charlotte's 24. Charlotte was fortunate that the Governor, by executive order, recast PICs into WIBs in 1995. With the grandfather clause in WIA for pre-existing boards, Charlotte has been able to maintain a manageable size.

In addition to the unwieldy size, some WIB members believe the boards were unable to move beyond "the usual suspects" in their membership. This was particularly true for community-based organizations (CBOs). Some boards wanted to increase the number and types of CBOs, but, with the "business majority" stipulation, every additional member would have required an additional business representative, increasing an already large board.

Aside from the new membership requirements, the overarching change in local WIBs is the shift away from administrative functions to a larger policymaking role. Creators of WIA noted that the service delivery and contract management functions that dominated the PICs were a thing of the past and directed the new WIBs to more broadly focus on policy issues and strategic planning.

Philadelphia and Charlotte embraced this new role. Philadelphia took a distinctive approach. Focusing on strategic planning, Philadelphia's WIB set out to create a new system to link the economic development and workforce development agendas of

the region and leverage other resources to meet these goals. To do so, it did not start with the framework established under WIA but rather looked at what the new law allowed it to do and then built from there. The WIB's overarching concept is "the importance of understanding and addressing employers' needs." As the executive director of the Philadelphia WIB explained, "Just because we are meeting JTPA or WIA outcomes, we cannot assume we are addressing the full array of Philadelphia's workforce development needs."

In Charlotte, the WIB's executive director spoke passionately about the inability of some current PIC directors to make the adjustment to executive director of a WIB. "It takes a different skill set," he said, "and a different vision."

However, this shift from day-to-day management to broader policy issues has raised one obvious question: Who is doing the day-to-day management of the workforce development system? In Texas and Florida, the changes made to the overall system and WIBs had been in place for several years, so the issue of day-to-day program management of programs has been addressed: WIB staff manage the day-to-day functions and the board focuses on broader issues.

In the more recently developed systems, issues of management responsibility still need to be resolved. In Charlotte, monitoring day-to-day management falls to several WIB committees, including the Accountability Committee, which oversees the certification of providers, and the JobLink Oversight Committee, which manages the One-Stop system. The executive director of the WIB and the staff of three are charged primarily with staffing the board, not managing the overall system. This had been a difficult transition, with some details in management falling by the wayside. For instance, when the board asked for details on the performance of the two One-Stop centers, the results were vastly different, not because of different performance, but because the two directors had interpreted the state's reporting guidelines for counting participants differently. After a meeting with the two directors, the issue was resolved. Charlotte plans to hire a chief operating officer to manage the day-to-day functions, but with the 10 percent cap on administrative funds, questions exist about funding the position.

Philadelphia presents another interesting example of new organizational structures. PIC staff, rather than the PIC itself, carried out the governance, policy and planning functions under JTPA. In implementing the WIA, the city opted to focus on the development of the WIB as a new entity. The old PIC, renamed the Philadelphia Workforce Development Corporation (PWDC), has carried on its operational and fiscal duties, with an additional role as a partner in the local One-Stop operating consortium. The WIB is a separate body serving as the city's strategic and oversight arm for workforce development. This new structure did cause some confusion, especially because the "old PIC" did not change its operations or functions in any visible way. However, by the end of the first year, this confusion waned as the WIB, PWDC and the city worked to clarify the respective roles and functions of the two entities.

One-Stop Delivery Systems

Perhaps the most fundamental change required by WIA is the establishment of One-Stop delivery systems to integrate the array of public employment and training programs. This system is designed to provide a single point of contact for access to and information on all employment and training services in the area. With the development of the new One-Stop system, each site had to tackle the issues of operator selection, location and staffing.

As the chart indicates, a wide variety of organizations operate One-Stop centers. All were selected through either a competitive process or were grandfathered in from a pre-existing One-Stop system.

One of the major issues in selecting One-Stop operators has involved CBOs versus government entities. On one hand, some believed CBOs would be more "in tune" with the needs of job seekers and would be able to more easily recruit participants. However, officials worried that CBOs would "look out for their own" and maintain the system's focus on providers instead of job seekers and employers. On the other hand, some were concerned that government agencies, particularly the Employment Service, would also maintain their "business as usual" approach, even though government agencies have significant advantages, such as existing job banks and data-collection systems.

This tension is highlighted in Charlotte, where one One-Stop is operated by the Employment Service and the second by Goodwill Industries, the only One-Stop in

City	Number of Centers	Operators
Boston	3	Government Agencies: City of Boston Office of Jobs and Community Services Department, Department of Labor and Workforce Development Division of Employment and Training Nonprofits: Jewish Vocational Service, Action for Boston Community Development (ABCD), Dimock Community Health Center, Morgan Memorial Goodwill Industries and the Women's Educational and Industrial Union
Charlotte	2	Government Agency: North Carolina Employment Security Commission Nonprofit: Goodwill Industries of Southern Piedmont
Houston	30	Government Agency: Gulf Coast Careers of Harris County (5) Nonprofits: Houston Works (7), SER (2), Interfaith (9) Other: Lockheed Martin (6), AFL-CIO (1)
Orlando	9	Other: Lockheed Martin (9)
Philadelphia*	1	Government Agencies: Bureau of Employer and Career Services, Department of Public Welfare, Office of Vocational Rehabilitation Nonprofits: Philadelphia Workforce Development Corporation Other: Greater Philadelphia Chamber of Commerce

NOTE: Numbers in parentheses indicate the number of centers operated by the organization.

* All of the organizations are a part of the CareerLink Consortium and work together to run the One-Stop center. There is no one lead agency.

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the state being operated by a CBO. Goodwill believed that, as a CBO, it was not afforded the same access to information and services as government agencies. At the same time, Employment Service staff operating the One-Stop questioned the value of WIA and the One-Stop, stating, "WIA was trying to do what we are already doing." Charlotte has begun to address the situation by assigning one Employment Service staff person to the Goodwill office.

CBOs operating One-Stop centers in Houston believed that becoming an operator was a way to maintain a significant presence in the workforce development field as well as a way to avoid potential cash flow problems with ITAs.

Boston took a creative approach, recognizing that there was probably no one organization that could handle all of the responsibilities of operating a One-Stop. The city required organizations to form a consortium and a completely new nonprofit organization to bid on the operation of One-Stops. As a result, new collaborations between government agencies and CBOs have developed.

One-Stop Staffing

Staffing at the One-Stop centers has been a significant challenge for sites. Center directors have to manage a "staff" composed of individuals from the mandated partners but have no direct authority to manage. A series of issues have resulted from major discrepancies in title and salary for comparable work to differences in dress code and lunch breaks.

In Charlotte, mandated partners, who were reluctant to participate in the new system, often assigned their least qualified staff to the One-Stop. Other agencies assigned staff but would not permit them to see new clients at the One-Stop. The center director did not have direct authority to address these issues with staff from the mandated partners. The issues were resolved only when a committee of the WIB (of which all the mandated partners are members) convened a series of meetings with each partner, its assigned staff person and the immediate supervisor.

Because Boston's One-Stop centers were managed by newly created organizations that hired their own staff, they were able to avoid many of the staff conflicts experienced by other sites. However, staff from Veterans Affairs have been working at the One-Stop centers, and center directors already see the integration of other outside agency staff as a future challenge.

Texas took a bold step in terminating all the employees with positions related to employment and training services of the agencies that were dismantled as a result of the 1995 legislation. About 60 percent of the employees were rehired as part of the "new agency," which allowed the local WIBs to hire those most willing and able to adjust to a new system.

The final issue regarding staffing is the ability of some mandated partners to effectively staff all the One-Stops. For instance, in Orlando, Vocational Rehabilitation had only three staff members in the region but was required to staff the nine One-Stop centers. Similar situations were experienced in Charlotte, where one Vocational Rehabilitation staff member was assigned to each One-Stop for half a day each week. These staffing shortages raise questions about the availability of services at the One-Stop.

Mandated Partners and MOUs

WIA mandates that particular programs be involved in the new system, particularly in the operation of the One-Stop centers. To manage these partnerships, WIBs established memoranda of understanding (MOUs) with the mandated partners outlining their respective roles and contributions to the system. For every site,

getting the partners on board and signing meaningful MOUs have been difficult tasks.

MOUs outline the different contributions partners are willing to make. Across the sites, MOUs can be categorized in terms of those partners contributing money, staff and program resources; access to program resources and information; and agreements to cooperate.

In Orlando, while MOUs have been signed with all the mandated partners, the agreements vary in their commitments and contributions. Overall, the WIB believes the MOUs with mandated partners should outline the consolidation of employment and training programs, as well as the contributions of staff and overhead costs for the One-Stop centers. The MOUs with the Employment Service and Vocational Rehabilitation have taken this approach. For other partners, it is not so clear. While MOUs were signed with the local educational institutions, the WIB did not secure their agreement to share resources at the One-Stop centers.

In Texas, the MOU process has been very slow. All the mandated partners are willing to share information on participants and some are willing to provide staff at the One-Stop centers. However, during the first year of implementation, no attempt was made to have partners contribute hard dollars to support the One-Stop system. State and local officials admit they are not there yet, but they say the size of their system required phases to keep implementation from becoming a "nightmare."

While Boston's pilot One-Stop system did not tackle the MOU issue, all of those involved cited mandated partners and MOUs as the major issue as they began implementation of WIA. The Department of Transitional Assistance, Massachusetts' welfare agency, has already said it will continue its current contractual relationship with the One-Stop centers and not develop a MOU. One-Stop operators were struggling to integrate staff from Veterans Affairs.

Performance Measures

One issue with perhaps the deepest ramifications for the entire system concerns the new performance measures. As mentioned, WIA mandates 17 major performance measures for the overall system, focused on rates of entry into unsubsidized employment, employment retention and earnings six months after entry, and skill/educational attainment rates, with different benchmarks for adults/older youth, dislocated workers and youth.

These outcomes differ significantly from the JTPA standards. The requirement for outcome measures at six months after placement is double the 90-day follow-up required under JTPA. To what extent training providers, One-Stop operators or WIBs have grasped the significance of this change is unclear. Many speak of just having to track people longer, while a few discuss the need to provide additional services to promote job retention or to develop new strategies to quickly re-place people in case of early job loss.

The lack of focus on the implications of the new performance system is driven almost entirely by significant delays in promulgating final regulations about performance measures. All the early implementers were able to continue to use JTPA performance measures until federal guidelines had been established. Many local directors lamented the difficulty of developing a new system when the performance measures still reflect the old system.

At the same time, some local directors said that even when the system is fully operational, it would not provide the kind of information they will need to make management adjustments at the local level. For example, the Orlando WIB is developing additional criteria to judge the performance of the One-Stop operators, such as benchmarks for the number of

people referred to training. They believe interim steps should be built into operators' contracts as early indicators of whether they will reach the later outcomes.

In March 2001, the final performance reporting regulations were released. While some specific questions have been answered, sites will be able to address a number of outstanding issues only through implementation.

The first major issue was to determine who should be included in the performance measurements. With the expansion to a universal population, many sites were concerned that requirements to track the users of core services would overwhelm their data collection and management systems. Orlando expects 50,000 individuals to use core services each year. The final regulations state that individuals who use only self-service or informational activities are *not* to be included in performance reports. However, records should be kept on individuals who use core services that require "significant staff involvement," including job search, job placement, career counseling, job development and workshops. It remains to be seen if sites will be able to handle the volume of data collection required.

A second outstanding issue is who will be ultimately responsible for the performance measures. This is particularly tricky for post-placement services, training providers and the One-Stop center. The regulations talk about measuring performance when individuals "exit the system" but only provide vague descriptions of the exits. A "hard exit" is when a participant has a date of case "closure, completion or known exit from services," and a "soft exit" is when a participant does not receive any services for 90 days and is not scheduled for future services except follow-up. With these definitions, it is unclear if someone exits the system when leaving the One-Stop or at job placement. In addition, who is responsible for collecting the information, the providers or the One-Stop?

A major issue for all sites involves data collection. Texas and Florida already have management information systems in place to track the progress of participants. The final regulations outline up to 100 data elements to be tracked for every adult entered into the system, from basic demographic information, to the services used and the individuals' outcome measures. A similar structure was proposed under the draft regulations and drew much criticism as being too detailed and too complicated to capture for every individual. Others feared that the need to capture the information would discourage training providers and WIA partners from participating in the system. While the final regulations do allow states to report on a sample of individual records, all the information needs to be collected.

States also are also supposed to use Unemployment Insurance (UI) wage records to calculate performance indicators, although questions remain on the validity of these data. While Florida has been very successful in using UI wage records to create a performance-based incentive funding system for vocational and technical schools, some types of jobs have been omitted from UI wage records and delays in using the information have been lengthy.

Boston has developed an innovative way to track participants with swipe card technology. All One-Stop customers receive swipe cards, which records their use of services, from visits to the resource room to attendance at seminars. These utilization rates can then be matched with outcome data for individual participants, so centers can gauge what services are most useful. As a One-Stop director in Boston said, "We are only as good as our data entry skills."

Funding

Comparing funding patterns under the old JTPA system and WIA is difficult. Many observers are concerned that with relatively stable funding patterns but dramatically increased responsibilities, some services, particularly training, will be shortchanged.

All but one of the sites have seen a decrease in the amount of funding from JTPA to WIA. However, because of some states' early innovations in restructuring their workforce development systems, they have more resources at their disposal. In Houston and Orlando, local WIBs can use TANF funds, money that has remained stable as the welfare rolls have dramatically dropped. In Orlando, only $672,000 of the WIA allocation is earmarked for training services, which would serve approximately 250 people. However, Orlando is also using nearly $1 million from its TANF allocation to provide training for an additional 800 people, making the amount of dollars and people served comparable to JTPA.

In addition, Houston and Charlotte were able to create One-Stop systems with the aid of demonstration grants from DOL in 1995. Portions of the WIA allocation that would have gone to developing One-Stop operations are being used for other services. However, questions still remain as to how the newer WIA systems will manage, particularly without added resources from TANF or demonstration grants. So far, the dollars for training have been adequate, primarily due to the low demand for these services. However, sites acknowledge that financial problems may arise when all components of WIA are operational, particularly if other sources of funding, like TANF or Welfare-to-Work, are reduced.

	JTPA Allocation (1998)	WIA Allocation (1999)
Charlotte*	$3.2 million	$3.0 million
Houston	$41 million	$36.5 million
Orlando	$6.9 million	$6.2 million
Philadelphia	$15.6 million	$15.8 million

NOTE: Boston is not listed because Massachusetts was not an early implementation state.

* Includes WIA Allocation and Welfare-to-Work funds.

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Implications for the Future

From the experiences of these five sites, several lessons may be drawn about the challenges of implementing WIA.

It Takes Time

WIA is a work in progress, and delays and unanticipated issues are to be expected. Sites farthest along in implementation have been actively engaged in revamping their workforce development systems for at least five years. Even sites in earlier stages of implementation recognized that much was not going to happen during the first year and created a timetable of several years to put all the components in place. All of the sites commented that other states and localities implementing WIA should anticipate taking several years to fully implement it.

DOL has also recognized this reality. As the July 1, 2000, deadline approached and many states and localities were apparently unprepared to fully implement WIA, DOL in effect provided an additional year for the development of WIA implementation plans.

Building New Relationships

A significant challenge facing both training providers and One-Stop operators is the need to build better relationships. One-Stop operators need to know the training providers to offer customers an appropriate fit. The training providers in Boston collectively created a handbook detailing all the training programs participating in the Job Training Alliance. The handbook provides details on the programs offered, costs and contact information.

At the same time, many questions remain about the scope of One-Stop operators' responsibilities. Who will be ultimately responsible for performance outcomes? How much influence will counselors have over customers' decision-making as they move through the tiers of service? While these questions will be answered only through experience, training providers and other workforce development organizations need to remain engaged in the processes that determine how the system will ultimately unfold.

Managing Partnerships

The creation of meaningful collaborations and coordination among the mandated partners is still a struggle for all of the sites. Even in Texas and Florida, which made significant strides in consolidating agencies, localities still strive to have partners fully contribute to the system. The completion of MOUs would help address other issues affecting the One-Stops, such as staffing and increasing the availability of funds for overhead costs. This is one key area where more active and effective leadership from state and local elected officials would make a difference.

Focusing on the Long Term

Under JTPA, employment retention was measured at 90 days after placement. Under WIA, the focus will shift to at least six months, with options for state and local WIBs to extend the measure further. This new focus will have a profound impact on providers and how they run their programs, recruit their participants and place their graduates. It will also have an effect on data collection efforts.

Furthermore, while it is important for all the players in the workforce development system to remain engaged during the planning process, it is even more important for them to continue to run effective programs in the long term. For instance, many training providers have been preoccupied with going through the certification process. By and large, early implementers made this an easy process with the understanding that it would be more stringent in the later years. Therefore, training providers and other organizations that want to continue to have a role in the new system need to remain focused on their primary mission

of preparing customers for placement and retention in the workforce.

Working for Employers

By the end of the first year of implementation, all the sites had actively engaged in planning how to better understand and meet the needs of employers. From the creation of new divisions solely responsible for employer services to the use of customized training contracts, sites have been able to make a fundamental shift toward seeing employers as a primary customer of the workforce development system. However, some are still concerned that the "work first" emphasis of WIA will continue to push people into the labor market who are not adequately prepared, perpetuating the business sector's frustration with publicly supported employment services that do not produce qualified job candidates.

Who's in Charge?

Managing the disparate array of staff assigned to the One-Stop centers will be one of the toughest implementation challenges. If One-Stop directors do not have direct authority over the staff assigned to the centers, One-Stops will be no more than a co-location of services. Boston addressed the issue by insisting that One-Stops be operated by a consortium of organizations that in turn formed a wholly new organization, making all the staff of the One-Stop accountable to the executive director of the newly formed organization. Texas took an even bolder step by eliminating all the positions related to employment services during the creation of the new Texas Workforce Commission and rehired those willing and able to adjust to the new system

In addition, as PICs evolve into local WIBs, questions will remain about who is responsible for the day-to-day management of the overall workforce development system. Experiences from the sites indicate that this issue will be worked out over time, but that during the initial transition, there is considerable confusion and potential for a lack of oversight.

Allocating Sufficient Resources

While WIA attempts to coordinate 12 federal programs, only the funds associated with JTPA are allocated to the task of restructuring the entire workforce development system. All but one site had less money during its first year of WIA than it did during its last year of JTPA. In addition, while the mandated partners are expected to contribute financially to the One-Stop system, very few WIBs have been able to structure effective MOUs to accomplish this. For the rhetoric of WIA to become a reality, more guidance about resource sharing and a greater share of funds, particularly from federal funding sources, will have to be allocated.

Understanding the Customers

From the perspective of front-line staff, the biggest challenge associated with WIA is working with a broader and more diverse population of customers. Many staff were not prepared to work with customers who were already employed and looking for services to help them move up in their fields. Boston's pilot of One-Stop centers evolved so that different centers catered to the needs of different segments of the job-seeking population: one center focused on low-income and low-skilled customers, while another concentrated on employed customers looking for better jobs. However, this differentiation of One-Stop centers occurred before the system was operating at full capacity. It remains to be seen what will happen when there is increased demand for services at the One-Stops and centers will have to develop and use a definition of self-sufficiency to determine who is eligible for services.

ENDNOTES

1 Each local board establishes its own definition of self-sufficiency.

2 Early implementing states are Florida, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Mississippi, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Vermont, Wisconsin and the territory of Puerto Rico.

3 Work and Gain Economic Self-Sufficiency (WAGES) is the name of the TANF program in Florida.

4 In Texas, all providers had to submit an application to be initially approved, but certain providers (post-secondary educational institutions and DOL-registered apprenticeship programs) were exempt from providing the required performance data on the initial application.

5 This list is developed by the state on a regional basis and identifies occupations in high-growth sectors that offer better than entry-level wages.

6 Florida further refined its consolidation of welfare and workforce development programs with the enactment of the Florida Workforce Innovation Act in May 2000. The Act "more fully implements WIA and consolidates the various employment-related aspects of its TANF program."

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